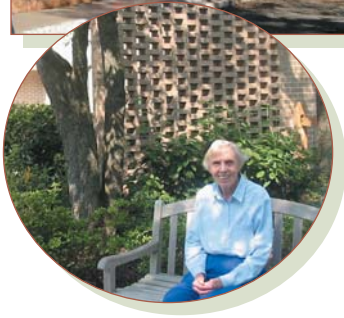
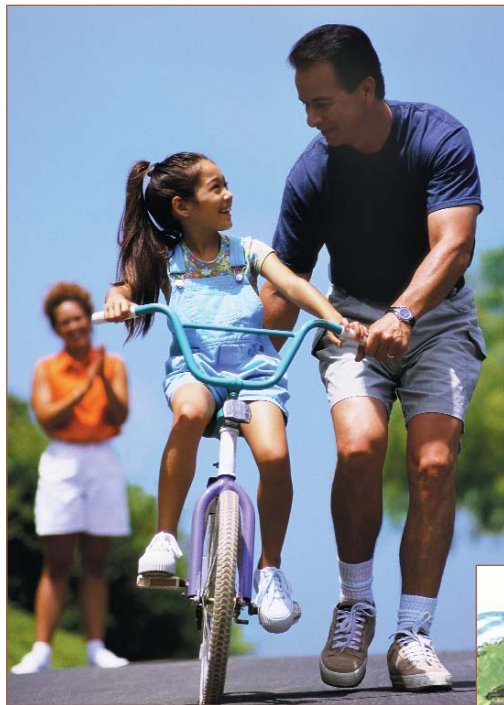


# Montgomery County's Housing Initiative Fund

## PROMOTING SAFE AND AFFORDABLE NEIGHBORHOODS



FY'02



OFFICE OF THE COUNTY EXECUTIVE  
ROCKVILLE, MARYLAND 20850

Douglas M. Duncan  
County Executive

**A MESSAGE FROM THE COUNTY EXECUTIVE**

Dear Montgomery County Residents:

I am pleased to present a report on Montgomery County's Housing Initiative Fund (HIF), entitled *Promoting Safe and Affordable Neighborhoods*. Prepared by the Department of Housing and Community Affairs, which administers the fund, this report provides information on the HIF and on HIF grants and loans between July 1, 2001 and June 30, 2002 (Fiscal Year 2002).

The new millennium has brought many housing-related issues to the forefront for Montgomery County, for the State of Maryland, and for the nation. The need to increase the supply of affordable housing in Montgomery County and to maintain the existing affordable housing stock in a safe, habitable manner remains a top priority for me in my third term. I am proud of the fact we have more than doubled the affordable housing fund over the last three years, creating and preserving affordable housing units. However, in the current economy, with soaring real estate values, escalating rents, extremely low rental vacancy rates, and greater demands for housing geared to populations with diverse housing needs, these issues have become even more urgent.

The Housing Initiative Fund helps the County meet a number of critical housing goals and mandates. HIF funds help renovate distressed housing units in many of our older neighborhoods, and help meet the special needs of various populations including elderly residents and individuals with physical and/or mental challenges.

Montgomery County has long believed that affordable housing should be located throughout the county and, whenever possible, mixed with market rate housing. Affordable housing helps build neighborhoods rather than just helping the families who occupy them. Several initiatives using HIF funds provide resources to small rental property owners to assist in such areas as resident relations, removal of trash and lead-based paints, mentoring, safety issues, and other services.

I hope you will find this report on Montgomery County's Housing Initiative Fund informative and useful. Over the years, the Housing Initiative Fund has helped to promote and maintain safe and affordable neighborhoods; in FY'02, loans and grants made through the HIF have had a profound effect on residents, programs, properties, and communities throughout the county. My commitment to affordable housing remains firm. I am looking forward to increased opportunities and challenges in the coming years.

Sincerely,

Douglas M. Duncan  
County Executive



## BACKGROUND

In 1988 Montgomery County created a Housing Initiative Fund, or HIF, to help meet the County's existing and growing affordable housing needs. The purpose of this fund is to provide a flexible funding source to create and preserve affordable housing. The County uses the fund to make loans to the Housing Opportunities Commission (HOC), non profit organizations, and for profit owners to acquire, build, or renovate affordable housing units. Loan repayments and the County's general fund are HIF's primary funding sources.

The County also uses federal funding sources such as the HOME fund and the Community Development Block Grant programs to meet affordable housing needs; these programs are, however, bound by numerous federal regulations and cannot work in the flexible and creative ways of the HIF. Whenever possible the County uses federal programs, despite their constraints, to meet local housing needs instead of the locally funded HIF.

A combination of very low vacancy rates, all-time high rent increases, and for-sale housing prices has increased the County's need for affordable housing. In response to the growing need for affordable housing, the Housing Initiative Fund has grown dramatically during the last three years. In three years the fund grew from \$7.7 million to almost \$17 million.

The Department of Housing and Community Affairs (DHCA) administers the fund. The DHCA director has the final authority over the allocation of funds, although a loan committee comprised of staff from several County departments and two citizen representatives provides significant input.

## HIF HELPS COUNTY MEET HOUSING GOALS

The Housing Initiative Fund helps the County meet a number of important housing goals including:

- 1) renovating distressed properties;
- 2) preserving housing that could be lost to the affordable housing stock;
- 3) special needs housing;
- 4) helping to create mixed-income communities;
- 5) making sure that housing programs build neighborhoods and not just housing units; and
- 6) working toward an equitable distribution of affordable housing units.



### HIGHLIGHTS OF HIF

Between July 1, 2001 and June 30, 2002, the County signed grants and loans totaling **\$14,844,648** to nonprofit developers, for-profit developers, property owners, and the Housing Opportunities Commission to support efforts to build and renovate affordable housing. **For every dollar of local funding spent, the HIF was able to leverage seven dollars in resources from private, federal, and state sources.**

These grants and loans improved the condition of 2,983 housing units and preserved the affordability of 2,644 units. Using the 2000 Census average household size for Montgomery County of 2.66 people per household, these numbers mean that the HIF directly improved the housing conditions of almost 8,000 residents. People in the neighboring community also benefited from the physical and management improvements in deteriorated buildings.



## RENOVATION OF DISTRESSED HOUSING UNITS

The inside and outside of older buildings, particularly those more than 40 years old, often need both cosmetic and major repairs. More than one in four Montgomery County housing units was built before 1960 and more than one in seven units was built before 1950. Homes built before 1950 often contain lead-based paint or other environmental hazards. Property owners, developers, and the County clearly need to invest in these buildings to keep them viable.

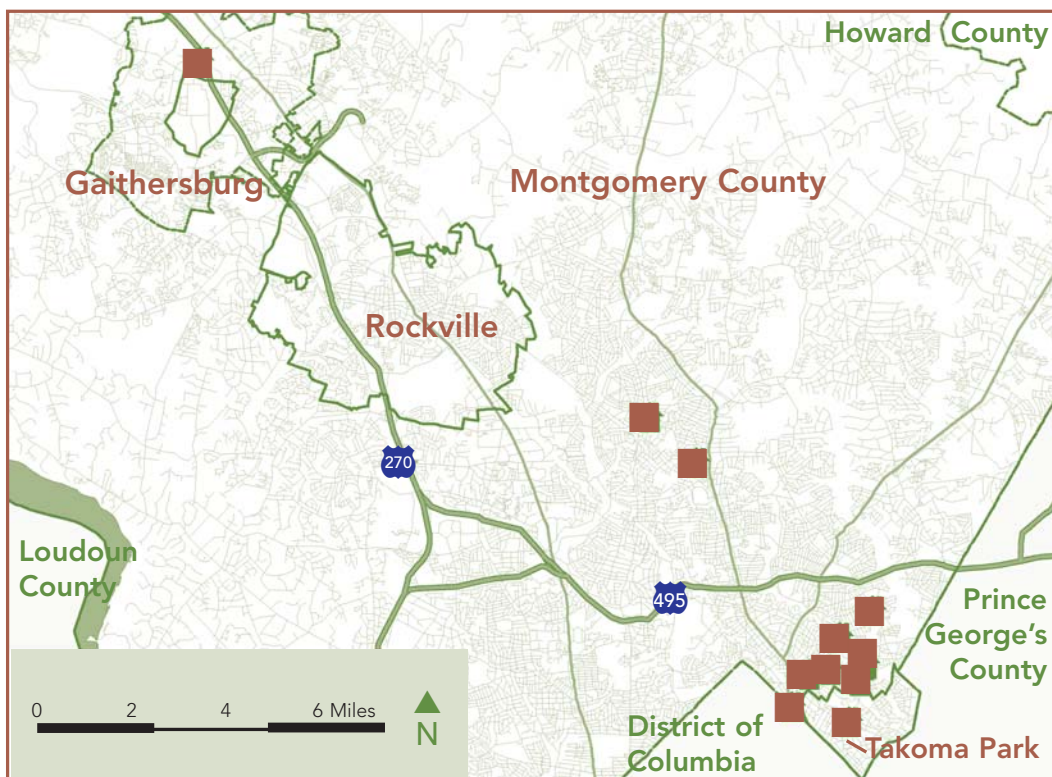
### *Code Enforcement*

The County is working pro-actively to improve the physical condition of older neighborhoods. The County first identified and conducted code inspections of 6,000 units that were likely to be in poor condition and then worked with property owners, who made the necessary repairs to 80 percent of the units. The County continues to use both incentives and legal sanctions to ensure that remaining owners comply with the code.

As a second phase of this intensive code enforcement effort, the County instituted a concentrated code enforcement effort in older neighborhoods with slow home sales and a high proportion of rental properties. In these neighborhoods, the County conducts code inspections annually instead of once every three years. County code inspectors have worked with property owners and the nonprofit Montgomery Housing Partnership in Long Branch to implement collaborative efforts to reconstruct parking lots, deal with issues of trash collection, eliminate rats, provide extensive landscaping, and install a fence to reduce trespassing and littering. Code inspectors have also formed partnerships with civic associations to help develop trust and collaboration with key neighborhood leaders.



*Collaborative efforts between Montgomery County, the Montgomery Housing Partnership and owners on Glenville Road led to the repaving of the parking lots, in addition to other improvements.*



Nonprofits Purchase and Rehabilitate 601 Apartments in FY'02

■ Projects

### *Rehabilitation Loans*

Another method used to encourage investment in older buildings is the County's low-interest rehabilitation loan program for owners of small (40 unit) apartment buildings, funded with HIF money. Loans are used to pay for repairs that are either required by the code or are voluntary improvements. In FY'02, seven for-profit apartment owners of buildings in the Silver Spring and Long Branch neighborhoods received low-interest rehabilitation loans totaling **\$370,433**. Repairs that were funded include replacing windows and leaky pipes, renovating kitchens, repairing parking lots, repainting exteriors of buildings, and landscaping. These improvements have a significant impact on the physical appearance of these buildings, the quality of life of residents, and the perception of the buildings in the community. These buildings are often located adjacent to or near larger multi-family properties that have received substantial amounts of County funding.

### *Nonprofit Housing Providers*

Poorly managed properties that are in bad condition contribute to neighborhood decline. The County has bought properties that were run down and sold them to nonprofit owners who improve them, turning buildings from drains on the neighborhoods to positive selling points. In FY'02, 11 loans totalling **\$6,298,062** went to help nonprofit organizations purchase and rehabilitate 601 rental housing units. As the map indicates, the majority of these loans were made to buy and renovate buildings in target neighborhoods in Silver Spring, Long Branch, and the City of Takoma Park. However, loans were also made to fund work in Wheaton and Gaithersburg.



## PRESERVATION OF AT-RISK HOUSING

The affordable federally assisted housing stock faces the twin threats of owners who may choose not to continue to provide affordable housing and the deterioration of the buildings. These risks continue to threaten the affordability and viability of approximately 2,000 subsidized rental housing units in Montgomery County.

### *Strategic Plan for Preservation*

Recognizing the importance of these assets, the County conducted a study of at-risk units. The County lost 344 affordable housing units when owners of three properties decided to end their federal contracts between 1997 and 2000. In 2000, County officials started working with sellers to provide them with financial incentives to preserve their properties. As a result of these efforts, 900

units will be saved. The preservation of these properties insures the continuation of approximately \$45 million in federal subsidies.

One of the properties preserved under this initiative is the 143-unit Park Montgomery. A **\$330,808** HIF loan helped pay for renovations to this property.



The County has also been able to use federal resources, such as the HOME program, to preserve at-risk housing and save local funding for other purposes. A \$1.875 million HOME loan to Montgomery Housing Partnership (MHP) was used to help the nonprofit purchase the 104-unit Great Hope Homes. MHP worked for a year to purchase, upgrade, and preserve this valuable affordable housing resource of 104 townhouse units in the Colesville area of Eastern Montgomery County.

County funding for Great Hope Homes guaranteed the long-term future of this property as affordable housing and provided reassurance to residents such as Brenda. Brenda has lived at Great Hope Homes for the last 23 years. She says that Great Hope Homes is in a great location and convenient to her job as a bus attendant for the Montgomery County schools. She especially enjoys the new siding that was installed as part of the renovations to the property, saying that it really “spruced” up the property. It is unlikely that Brenda and her husband, who is retired, could afford to live at other locations in the neighborhood. Rents at Great Hope Homes are approximately \$200 less than those of comparable nearby units.



*The Community Preservation and Development Corporation bought and renovated Park Montgomery using HIF and other funding sources.*



*Great Hope Homes.*



## SERVING COUNTY RESIDENTS WITH SPECIAL NEEDS

Montgomery County residents are racially and economically diverse. More than one in three residents of Montgomery County is a person of color. Some County residents, such as the elderly and those with physical and/or mental disabilities, need housing that will accommodate their special needs.

### *Elderly*

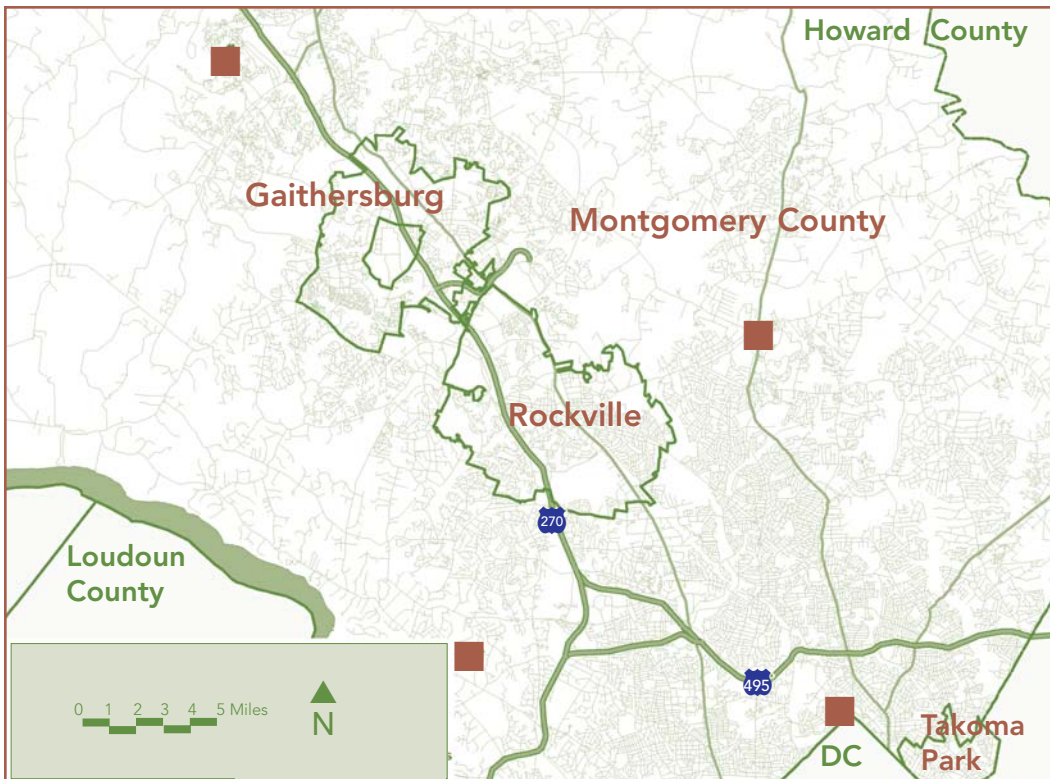
The need for housing for older County residents continues to rise. The County estimates a shortage of 1,800 housing units for older residents who can live independently and 1,500 housing units for older residents who need some help with daily tasks.

HIF loans have been used to help build and renovate housing for the elderly. In FY'02, **\$1,905,216** of HIF loans went to support elderly housing facilities, with more than half of these loans funding the construction of new housing for the elderly.

Marian Assisted Living Community in Brookeville is an example of senior housing that received significant past HIF support. An HIF loan in a previous year allowed the nonprofit developer Victory Housing, which is affiliated with the Archdiocese of Washington, to turn a former priests' residence into 40 units of housing for people 62 years old or older. Supportive services are provided such as meals in a common dining room, medication reminders, recreational activities, and weekly housekeeping and laundry. Both the director and the chef sit down with residents once a month

during "fireside chats" so they can be as responsive as possible to their needs and wants. Lucille Knebel, pictured above in Marion Assisted Living's beautiful terrace, was attracted to the facility because of the exquisite grounds and beautiful furniture. Lucille is not the only one to appreciate the décor and design of Marion Assisted Living. The National Association of Home Builders noticed as well and gave Marion Assisted Living an award for renovated service-enriched senior housing.





Most HIF Elderly Funding Supports New Construction Outside the Beltway in FY'02 ■ Projects

### *Special Needs Housing*

People with serious mental illness or physical disabilities need to live in housing adapted to their special needs. In FY'02, six HIF loans totaling \$300,103 went to support housing for the homeless and group homes for individuals with mental illness. The County uses federal resources to support special needs housing as well.

The County works with nonprofit housing providers, such as Housing Unlimited and the Interfaith Housing Coalition, to help them buy or renovate homes that can house several developmentally disabled and/or formerly homeless residents. These homes help people turn their lives around. Roger, a Montgomery County native with strong roots in the community, is grateful for his Housing Unlimited home and roommates. Finally moving from the streets to the National Institute of Health Treatment Center, he currently works at a craft store. He said that life on the streets was very hard and dangerous and that he really appreciates his home. "It is the best place for me."



*Above: Lucille Knebel enjoys the garden at Marian Assisted Living. Right: a sketch of Victory Terrace.*



## MIXED INCOME HOUSING

HIF funds have also been used to promote mixed-income developments. An example of a mixed-income community that benefited from a **\$700,000** HIF loan in FY'02 is Woodside Crossing, formerly known as Woodside Manor. Located on Georgia Avenue near the Forest Glen metro, this 221-unit apartment community consists of 30 buildings. Although the tenants initially wanted to purchase the community themselves, they were ultimately unsuccessful and ended up forming a partnership with KSI Services, a for-profit developer. The property, which is 60 years old, was not in good condition. The HIF loan is helping to pay for an extensive renovation that includes new roofs, asbestos and lead-based paint abatement, new kitchens, new bathroom fixtures, landscaping, and a community center.

Long-time Woodside resident Mary Anna Yakabe moved from her old apartment to a newly renovated one. To get to her old apartment she had to go up stairs, while her new unit is on the ground floor. She says she is “crazy about her new apartment” and called the new management very responsive, saying that someone comes “right away” to make routine repairs. Mary Anna enjoys being able to walk to the bus stop and admires the new landscaping on her way.



*Left: Residents and staff of a home developed by Housing Unlimited meet to discuss plans.  
Right: Woodside Crossing.*





## BUILDING NEIGHBORHOODS TO CALL HOME

In an effort to insure that affordable housing helped to build neighborhoods and not just housing, the County started an initiative that focused on strengthening neighborhood ties and services.

### *Apartment Assistance Program*

An HIF grant of **\$89,870** allows the Montgomery Housing Partnership (MHP) to provide resources and training to owners of small apartment buildings in and around Silver Spring and the City of Takoma Park. The Apartment Assistance Program (AAP) recognizes the valuable role that these owners play in providing housing that is generally more affordable than units in larger rental developments. The AAP provides the owners with resources and information to help them properly maintain and manage their properties. For the past two years, MHP has been hosting free seminars on a wide range of topics including resident relations, fair housing, trash removal, and lead-based paint. Other components of the program include a mentoring program, a low-interest rehabilitation loan program, and a grant program to reimburse owners for costs associated with testing their units for lead-based paint.

### *Enhanced Services at Preservation Properties*

An HIF grant of **\$120,000** is being used to fund two community service coordinators serving seven HOC-owned properties purchased as part of the County's efforts to preserve the affordability of at-risk housing with federal subsidies. The properties house very low-income families and contain 801 units. The service coordinators will assess the service needs of residents and either provide or arrange for the provision of identified services. The service coordinators will also be responsible for helping to organize residents' associations that address neighborhood safety and other issues

### *Long Branch Initiative*

Casa de Maryland received a **\$150,000** grant to: 1) design and implement a neighborhood assessment tool for the Long Branch neighborhood; 2) develop a replicable tenant education curriculum; and 3) solicit and implement community input for the design and operation of the Pine Ridge Community Center.



*Silver Spring and Takoma Park apartment owners listen to strategies for efficiently and economically readying units for new residents.*

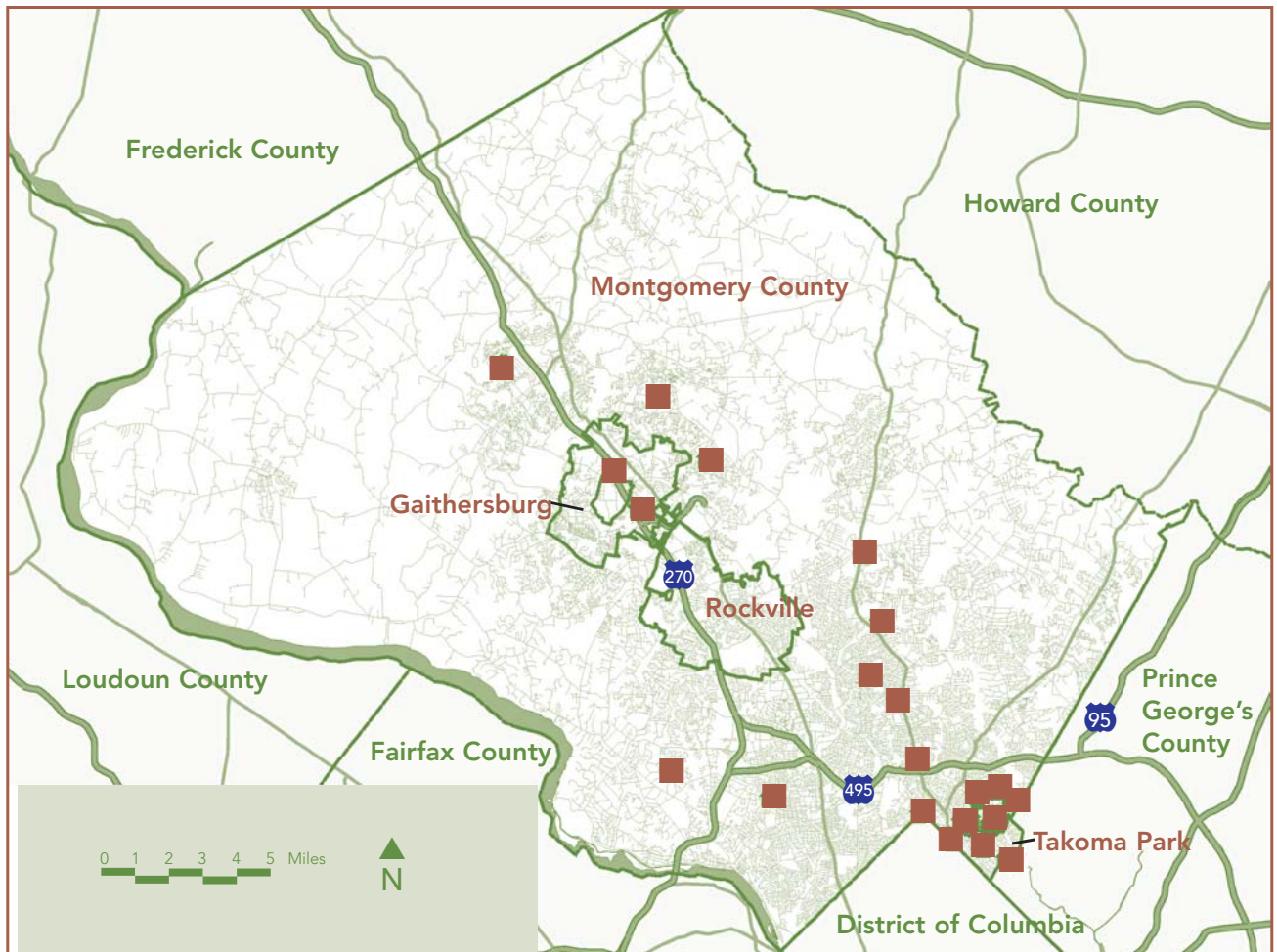


## DISTRIBUTION OF AFFORDABLE HOUSING UNITS

The County works hard to see that affordable housing is available in all of its neighborhoods. The map that follows indicates the location of most HIF loans for FY'02.

The County has long believed that affordable housing should be located in all neighborhoods and, whenever possible, alongside market rate housing as well. The County's Moderately Priced Dwelling Unit (MPDU) program requires developers of properties over 35 units to include a certain percentage of affordable housing. More than 11,000 housing units have been created through this program. Working with the Rockville Housing Authority and HOC, the County was able to help extend the reach of the MPDU program to even lower income families. These two agencies were able to purchase 45 homes for the County's neediest residents using **\$2.3 million** of HIF funding.

The County also identified target neighborhoods for certain types of loans to ensure that neighborhoods most in need could see measurable progress. For instance, funding for the renovation of distressed housing was concentrated in the Silver Spring, Takoma Park, and Long Branch neighborhoods. Funding for elderly housing went primarily to fund new construction outside the Beltway on large undeveloped sites.



HIF Funds Used to Make Neighborhoods Safe and Housing Affordable Throughout the County

■ Projects



## APPENDIX

### List of FY'02 Housing Initiative Fund **Loans and Grants**

Property	Units	Location	HIF Amount	Purpose of Funding
Blair Park Apartments	53 units	Silver Spring	\$908,000	Purchase of family apartments
Cambridge Apartments	33 units	Takoma Park	\$985,340	Purchase of run down building
Connecticut Estates	1 unit	Wheaton	\$15,066	Targeted rehab of homes
Diamond Square Apts.	122 units	Gaithersburg	\$273,300	Renovation
Greenwood Terrace	49 units	Long Branch	\$1,146,000	Purchase of run down buildings
Lee and Hancock	25 units	Takoma Park	\$110,000	Purchase of run down buildings



Blair Park Apartments



Diamond Square Apts.



Cambridge Apartments



Greenwood Terrace



Connecticut Estates



Lee and Hancock

## APPENDIX

### List of FY'02 Housing Initiative Fund Loans and Grants (cont'd)

Property	Units	Location	HIF Amount	Purpose of Funding
Pembridge Apartments	133 units	Wheaton	\$700,000	Purchase of family housing
Silver Sp/Nolte Avenue	16 units	Silver Spring	\$437,690	Purchase of small apartment building
Tanglewood Apartment	83 units	Silver Spring	\$129,296	Transitional housing
Winslow House	46 units	Takoma Park	\$1,588,310	Purchase of run down building
Three Vacant Properties	66 units	Takoma Park	\$10,000	Purchase of vacant propertie



Pembridge Apartments



Tanglewood Apartment



Silver Sp/Nolte Avenue



Winslow House



Three Vacant Properties

## APPENDIX

**Special Needs Housing** *(Most pictures have been omitted to protect resident's privacy.)*

Property	Units	Location	HIF Amount	Purpose of Funding
Baptist Home for Children		Bethesda	\$15,000	Needs assessment
Hilltop Manor	25 units	Takoma Park	\$42,500	Mentally ill
Group Homes			\$20,000	Acquisition for special needs
Jessup Blair House	10 units	Silver Spring	\$60,512	Lead abatement
MPDU Purchase	1 unit		\$98,425	Purchase home for mentally ill
Transitional Housing	1 unit	Gaithersburg	\$63,666	Acquisition



Baptist Home for Children



Jessup Blair House



## APPENDIX

### Multifamily Housing Rehabilitation

Property	Units	Location	HIF Amount	Purpose of Funding
7700 Blair Park	74 units	Silver Spring	\$13,106	Removal of lead paint
Croydon Manor	97 units	Silver Spring	\$100,000	Creation of community center
Fireside Condominium	147 units	Gaithersburg	\$56,785	Structural/management analysis
8211 Greenwood Ave.	3 units	Long Branch	\$13,099	New windows, kitchen repair
905 Houston	4 units	Takoma Park	\$41,000	New windows, kitchens
610-612 Kennebec	19 units	Takoma Park	\$66,000	New windows and roof
100-102 Schuyler	26 units	Silver Spring	\$33,708	Replace lead windows, new fence
Sierra Woods	22 units	Takoma Park	\$70,175	Roof repair, HVAC
Stratford Terrace	20 units	Long Branch	\$133,348	New windows, bathroom repair



7700 Blair Park



8211 Greenwood Ave



100-102 Schuyler



Croydon Manor



905 Houston



Sierra Woods



Fireside Condominium



610-612 Kennebec



Stratford Terrace



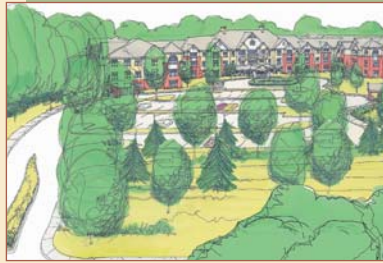
## APPENDIX

### Elderly Housing

Property	Units	Location	HIF Amount	Purpose of Funding
Churchill Apartments	120 units	Germantown	\$751,728	New construction senior
Waverly House	158 units	Bethesda	\$650,000	Rehabilitation of public senior housing
Hampshire Village	110 units	Silver Spring	\$250,000	New independent living
Hampshire Village	30 units	Silver Spring	\$200,000	Pre-development assisted living
Victory Terrace	72 units	Potomac	\$53,488	Pre-development funding



Churchill Apartments



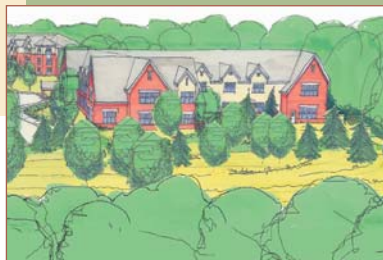
Hampshire Village



Waverly House



Victory Terrace



Hampshire Village



## APPENDIX

### Acquisition of Threatened Multifamily Housing

Property	Units	Location	HIF Amount	Purpose of Funding
Somerset	89 units	Silver Spring	\$196,359	Acquisition of rental housing
Willow Creek	137 units	Gaithersburg	\$687,516	Preservation of affordable housing
Woodside Crossing	220 units	Forest Glen	\$700,000	Renovation of family housing



Somerset



Willow Creek



Woodside Crossing

# APPENDIX

## Preserve Federally Subsidized Housing

Property	Units	Location	HIF Amount	Purpose of Funding
At-Risk Housing		County-wide	\$307,831	Develop preservation strategies
Park Montgomery	143 units	Silver Spring	\$330,808	Renovation of at-risk housing
Stewarton Homes	94 units	Gaithersburg	\$200,000	Renovation of public housing

## Acquisition of MPDUs

Housing Unlimited	30 units	County-wide	\$827,473	Purchase of MPDUs
Rockville HA	15 units	Rockville	\$1,500,000	Purchase of MPDUs

## Other

Apartment Assistance Program		Silver Spring/ Takoma Park	\$89,780	Resources for small apartment owners
Closing Cost Assistance		County-wide	\$500,000	First time homeownership
Casa de Maryland		Long Branch	\$150,000	Neighborhood assessment
Service Coordinator	801 units	8 locations	\$120,000	Implement resident service plans



Park Montgomery



Stewarton Homes



**Montgomery County, Maryland  
Housing Initiative Fund**